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SUBJECT: KAZAKHSTAN SEEKS TO JOIN INTERNATIONAL OIL-SPILL-RESPONSE CONVENTIONS

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11. SUMMARY: Energy Officer attended a November workshop organized by the Astana Center of the Organization for Security and Cooperation in Europe (OSCE), with the support of the Kazakhstani government and International Maritime Organization (IMO), on ratification and implementation of international oil-spill-response conventions. The event's approximately 30 participants included international experts from the IMO, Oil Spill Preparedness and Response Initiative (OSPRI), OSCE, and non-governmental organizations and representatives from the Ministries of Environmental Protection, Emergency Situations, and Energy and Mineral Resources. Kazakhstan seeks to join international oil-spill-response conventions and sign a protocol on joint oil-spill response with other Caspian Sea littoral states. END SUMMARY.

COMPANIES HELD RESPONSIBLE FOR OIL-SPILL PREVENTION AND RESPONSE

12. Kazakhstan's national oil-response system presupposes a responsibility of the companies to prevent and respond to oil spills while the government coordinates and monitors action. The companies that operate oil fields near the sea, process and transport crude, and own ships are drafting plans for the prevention and liquidation of oil spills. Oil and shipping companies also are building an oil-spill-response base, training staff, and conducting drills.

13. Vadim Nee, an expert at the Astana OSCE Center, summarized the elements of corporate oil-spill-response plans, which appropriate ministries of the government of Kazakhstan must approve. The National Oil Spill Contingency Plan, approved by Kazakhstan's President Nursultan Nazarbayev in 2002, imposes special requirements on the corporate oil-spill-response plans, which must contain information on the allocation of high-risk oil objects, map environmentally-vulnerable areas, define all spill risks, and estimate the time required to liquidate oil spills of various degrees. Nee summarized that Kazakhstan meets some elements required by various international conventions, but these aspects are all at the local level. He said that Kazakhstan must approve a regional oil-spill-response plan that takes into account the needs

and capabilities of all Caspian Sea littoral states.

14. Musa Tanabayev, Director of the Oil and Gas Industry State Control Committee of the Ministry of Emergency Situations (MES), added that MES regularly holds seminars, drills, and exercises with oil and gas companies. Tanabayev hailed Agip KCO for its creation of a special oil-spill-response base with equipment able to pump 3,300 tons of crude an hour, which allows it to address first- and second-degree oil spills. According to Tanabayev, national maritime-shipping company Kazmormtransflot also has resources to react to oil spills, and the Aktau sea port can respond to first- and second-degree oil spills.

WHILE STATE LEADS ON COORDINATION

15. According to Nee, national oil-spill-response legislation includes the ecological code of 2007 and emergency situations law, which contain clauses, but not chapters, on oil spills. The 2002 National Oil Spill Contingency Plan (NOSCP) outlines the coordination between the government and companies when national resources are utilized. Nee also explained that an operating company alone handles a first-degree oil spill while NOSCP might apply in case of a second-degree oil spills. Kazakhstan must use its NOSCP in case of a third-degree oil spill.

16. Under the NOSCP, MES is responsible for equipment, staff, and public announcements. The Ministry of Energy and Mineral Resources (MEMR) must coordinate with oil and transportation companies, and Ministry of Transportation and Communication (MTC) addresses transportation and communication. Ministry of Environmental Protection (MEP) monitors the incident, its environmental consequences, and allocation of collected oil. The Ministry of Health (MH) oversees medical aid and healthcare, and Akims

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(governors) of oblasts undertake restoration. The National Oil Spill Commission, which consists of representatives from MES, MEMR, MEP, MTC, MH, and Akims, coordinates and manages the organization of all activities.

17. MEMR, MES, MEP, MTC, and Customs Committee are charged with general prevention and preparation measures. Meanwhile, MES, air crews, and ship crews are responsible for discovering and reporting oil spills. Balzhan Mukhambetaliyeva, Director of the MEP Environmental Regulation Department, highlighted that Kazakhstan lacks the emergency funds of other countries, but it has insurance. Although Kazakhstan planned to create a centralized oil-spill-response base, it abandoned the idea due to complaints by environmental non-governmental organizations. Mukhambetaliyeva called for the establishment of a Caspian Littoral Monitoring Center in Atyrau.

STATE MINISTRIES CALL FOR FUNDING AND REFORM

18. MEP's Mukhambetaliyeva also highlighted concerns regarding 1,485 abandoned wells in Atyrau and Mangistau oblasts at the Caspian Sea. "Due to a risk of leakage, these abandoned wells endanger the ecosystem of the Caspian Sea," she said. Even though the AtyrauMunaiGasGeology Company insulates approximately 10 wells a year, it lacks sufficient capacity and funds. As a result, Mukhambetaliyeva estimates insulation of all abandoned wells will take 15 years. MES's Tanabayev also expressed his concern about this issue, but was not as dramatic. According to MEMR's 2004 appraisal of wells, 90 abandoned wells require insulation, of which the state owns 48 wells and companies 42.

19. Murat Bekmagambetov, President of the Research Institute for Transportation and Communication, mentioned Norway's oil-spill-response base, which has equipment but no standing crew. The members of oil-spill-response teams, which train regularly, retain their permanent jobs. However, the companies and Norwegian government agree on the availability of team members in case of an incident. He recommended adoption of such a system in Kazakhstan.

KAZAKHSTAN TO JOIN INTERNATIONAL OIL-SPILL-RESPONSE CONVENTIONS

¶10. Among the rules adopted by Kazakhstan, Yerlan Dzhumashev, Director of the Water Transportation Control Department at the MTC Transportation Control Committee, listed those of the MTC on the issuance of insurance certificates in case of an oil spill -- Kazmortransflot has such certificates -- and on ships' obligation to declare any incident. The 1988 Convention for Efficient Technical Monitoring of Ships, which Kazakhstan joined, requires contingency plans for all ships. According to Dzhumashev, some discrepancies exist in the laws, but amendments could address them. In particular, Kazakhstan must amend the law to hold both crude and ship owners responsible.

¶11. Alexander Keltchewsky, OSCE Ambassador, mentioned the 2007 OSCE review of the environmental safety of maritime operations. At multiple OSCE workshops, participants from MTC, MES, and MEP expressed Kazakhstan's willingness to join the IMO and other maritime conventions, such as the 1990 International Convention on Oil Pollution Preparedness, Response and Cooperation (OPRC), 1969 International Convention on Civil Liability for Oil Pollution Damage (CLC), 1971 International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, and International Convention on Civil Liability for Bunker Oil Pollution Damage. Bekmagambetov called for a comparison and assessment of local oil-spill-response plans for their compliance with international standards.

JOINT OIL-SPILL-RESPONSE WITH OTHER CASPIAN SEA LITTORAL STATES

¶12. Peter Taylor of the Oil Spill Preparedness and Response Initiative (OSPRI) stressed the need for cooperation between the

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government and companies. In existence for over five years in the Black and Caspian Seas, OSPRI brings together six Black Sea littoral states to tackle jointly oil spills. They hold regional drills with companies. The Committee for Environmental Protection (CEP) and International Maritime Organization (IMO) have organized seven regional seminars in 2001-2008 on Caspian Sea environmental cooperation. The Caspian Sea littoral states almost agreed on the content of a regional plan, with signature of a protocol expected during the November 10-12 meeting of governmental experts in Astana.

However, because it was not finalized, approval of the protocol now is expected on January 25, 2010 in Moscow during the next meeting, with signature later in Astana. Its implementation presupposes all five Caspian Sea littoral states will cooperate in case of an oil spill. According to Patricia Charlebois, IMO expert, an efficient oil-spill response demands political will, appropriate legislation in compliance with international conventions, a national oil-spill-contingency plan, and good cooperation on local, regional, and national levels.

¶13. COMMENT: According to the Director of Health, Safety, Security, and Environment for Shell Kazakhstan, more than 20 minor oil spills have occurred in the Caspian Sea in the last three years, although none involved fields or vessels operated by international oil companies. A major oil spill in the Caspian would be an environmental disaster for the region's inhabitants and wildlife, as well as carry significant economic and political consequences. An August decree gives the government the right to amend or change contracts if it determines that a subsoil user's actions could substantially change Kazakhstan's economic interests or threaten its national security. Although the decree does not define the above terms, a major oil spill would certainly qualify, thus theoretically jeopardizing hundreds of millions of dollars of investments by U.S. and other international oil companies to develop offshore fields, such as Kashagan and Pearls. International cooperation is therefore critical to provide Kazakhstan the expertise, equipment, and capability it needs to be able to respond to -- if not prevent -- a major oil spill in the Caspian. END COMMENT.

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